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CENTRAL INTELLIGENCE AGENCY

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THIS IS UNEVALUATED INFORMATION

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1. The Central and South China Area's Department of Industry (CSCDI) has over 30 Soviet industrial experts assigned to it. A few of these work in the head offices of the DI, but most of them are employed in various industrial and mining enterprises under the jurisdiction of the DI. Three are assigned to the Central and South China Steel Factory. These Soviet experts work very hard and lead an extremely disciplined life.
2. The CSCDI sent 56 technicians, including experts in metallurgy, ordnance, mechanical engineering and electrical engineering, to the USSR during the winter of 1951 for the purpose of receiving additional training. These were primarily technical experts and assistant engineers below the age of 40. Some of them plan to study for 3 years, and the others for 5, but all of them will spend the first year in learning the Russian language. While these Chinese are in the USSR, they will be separated into pairs, and each pair of Chinese will have 3 Soviets assigned to it.¹ Plans are now being made to send an additional 100 persons to the USSR for training during 1952.
3. The CSCDI now exercises direct control over more than 80 separate mining enterprises. The mines which ceased operation during the Nationalist regime have been reopened, and many new mines are being placed in operation. The largest item of production is coal, the monthly production of which amounts to 140,000 tons. Metals, including antimony, tungsten, manganese and tin, form the second largest item of production, and total monthly production amounts to 8,000 tons.

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4. The CSCDI handles larger amounts of funds than any other single organization in the Central and South China Area; consequently, it has been a major target for the three-anti's campaign. More than 40 persons in the central offices of the CSCDI have been prosecuted for offenses during this campaign. Head of the Department of Industry, LIU Chieh (0491/0267), has been forced to write a self-criticism on his lavish and bureaucratic conduct, and his case is still pending. Deputy head of the Department of Industry, and current director of the Metal Control Administration, WANG Sheng-jung (3769/4141/2837), has been expelled from the Chinese Communist Party and is being held for further investigation of evidence which indicates he has embezzled JMP 3,000,000,000.

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1. Comment. The original report does not clearly indicate whether the 3 Soviets will be responsible for instructing the Chinese, or whether the 5 persons will receive training as a group, with the Soviet members of the group having the additional responsibility of assisting the Chinese trainees.

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